



<b>Current report no.:</b>	2/2019
<b>Date:</b>	2019-01-21
<b>Name of the Issuer:</b>	FERRUM S.A.
<b>Title:</b>	Conclusion of renewable credit agreement with PKO BP S.A.
<b>Legal basis:</b>	Art. 17 item 1 MAR – inside information

**Content of the report:**

The Management Board of FERRUM S.A. (Issuer, Company) informs that on 21<sup>st</sup> January 2019 it concluded with bank Powszechna Kasa Oszczędności Bank Polski S.A. (“Bank”) renewable credit agreement of the total value of PLN 61 mio. (“Credit”), consisting of Tranche A (made available in PLN or EUR) and Tranche B (made available in PLN) in the amount of PLN 43 mio. and PLN 18 mio., respectively.

The major purpose of the Credit is financing of the Issuer’s current liabilities.

The Credit interest rate was set on the basis of the floating interest rate, as well as on the basis of EURIBOR 1M rate for the Credit lot in EUR and WIBOR 1 M rate for the Credit lot in PLN.

Final Credit repayment period was settled to be 12 months.

Credit security due exclusively to the Bank comprises of inter alia: (i) registered pledge on spirally welded pipes production line (the BENDER line) mention in current report no. 27/2017, along with assignment of the line’s insurance policy rights, (ii) Credit guarantee by the Issuer’s affiliated company, i.e. Rockford Sp. z o.o. (“Guarantor”), (iii) registered pledge on stock (of the book value of at least PLN 20 mio. throughout the crediting period), with the proviso of temporary exclusion of stock constituting guarantee for Grupa CZH S.A., (iv) assignment of receivables from contracts with exclusion of contracts subject to factoring and defined contracts with prohibition of charging the Company’s receivables, (v) registered and financial pledge on all bank accounts ran for the Company, (vi) statements of the Issuer and the Guarantor on the voluntary submission to execution, and moreover (vii) support agreement concluded between the Company, Polski Fundusz Rozwoju S.A. (“PFR”) and the Bank, in accordance with which PFR obliged itself to undertake defined forms of actions to support the Company in case of prospective occurrence of events defined in the agreement, influencing the Company’s ability to cover its liabilities.

Releasing the funds within the granted Credit was preconditioned by numerous formal and legal suspensive provisions, such as inter alia filing defined documents, including pledging the abovementioned collateral.

On the basis of the Agreement the Bank holds the right to terminate the credit agreement and demand all payouts repayment, along with interest, in case of the Company’s breach of financial rates defined in the Agreement, filing objections to the Company’s financial statements by certified auditors, dividend payout, not prolongating the loan repayment period mentioned in current report no. 4/2018, lack of new orders. The remaining Company’s liabilities with regard to the Bank resulting from the Agreement are typical for this type of financing.

Moreover, on the basis of the Agreement, the Company obliged itself to make until 31<sup>st</sup> January 2019 final payment for purchasing 100% of shares of the Guarantor, which is the owner of the BENDER line, in accordance



with changed stipulations of multilateral investment agreement, which was subject to the Issuer's current report no. 66/2018.

The remaining terms and conditions of the Credit do not differ from standard provisions of this type of agreements.

**SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

<b>Date</b>	<b>Position</b>	<b>First name and surname</b>
2019-01-21	President of the Management Board	Krzysztof Kasprzycki
2019-01-21	Vice-President of the Management Board	Honorata Szlachetka